A. That is the only time I have been with the Governor in connection with any banking meeting.

Q. What about this bank at that time was of such a nature

as to require the presence of the Governor there? A. Why, I don't know. He was going down about that

time I understand. Q. Did you know that I had written the Governor and

had sent him a copy of McCarty's report? A. No, I didn't know that you had sent him a copy of McCarty's report. He had seen the copy that McCarty sent ernor -1 presume he saw it, I don't know whether it was me, although he said that he had received a letter from you ever turned over to him or not. He told me that.

in that letter as to the condition of the bank at Las Cruces? A. Not specifically in any way. He simply said be had re-

ceived a letter from you relative to the Las Cruces bank. last year? O. Did be express his opinion at that time as to what he thought relative to the condition of the bank or that some-

thing should be done?

Not particularly, no, sir. At any rate, you and he went there on January 30th? ration and former character?

Yes, Sir.

Q. What did you do?

A. I got down there in the morning, went to the hotel and got my breakfast, and went over to the bank. I presume I got over to the bank about half past nine or a quarter of ten, that Smith was not a desirable person in connection with the better condition financially. That although with the people's money, I .- using this combined memorandum statement, I might call hank? it, as a basis. I first wanted to verify the amount of the Smith paper and other paper whether there had been any change paper and other paper whether there had been any change | Q. And you had examined his bank and found out that one way or the other between Wooter's and McCarty's state- he was, that the capital stock was impaired at least 150 per actor were taken by either of them to rectify als with industries vital to the prosperity of the state, and officials on those least's were selected only with reference and officials on those least's were selected only with reference and officials on those least's were selected only with reference and officials on those least's were selected only with reference and officials on those least's were selected only with reference and officials on those least's were selected only with reference and other between Wooter's and McCarty's statement and the time I was there, and I worked there excepting cent. the lines bour mutil about three-thirty or four o'clock in the A. Not as a result of my examination. That was the Traveling Auditor knew that the funds of the feets and found out what I result of the assumption that McCarry's examination and New Mexico College of Agriculture and CM Denoth was at the head of the assumption that wanted to about three thirty or four webs. when I had a mine packing it out the best I could from the two reports. meeting of the Board of Directors.

was impaired 150 per cent?

at that time as far as I was concerned.

O. Von were working on an estimate, though?

this is it right here, is based on the face of the report made by Mr. Wooters and Mr. McCarty, assuming that everything not, I I and striff be didn't find, yes, that was said in those reports as to the value of the paper was correct up to that time.

Assuming that it showed an impairment of two per 0.

A. On that presumption yes, sir.

When was this statement made out?

A. Just shortly before I went. After McCarty's report was made to me and before I went down to Las Cruces. O. lust about the same time, -practically the same time impairment?

you went down there?

O. Then at that time you were going or the assumption from the best information you could get? it was 150 per cent impaired? A. On the face of the reports, yes, sir.

O. Now you did suspect at that time that the Smith to your superior, Mr. Earnest? paper wasn't good and told them so? . A. That was all I did, yes, sir I told them, I told them

frankly I didn't think the Smith paper was good. Q. You had information that you had received from

other states that the paper of none of the Smiths was good?

A. He knew as much as I did.

Q. You kept him perfectly informed all the time? A. Yes, sir, all the correspondence and everything was

submitted to the Governor. Q. You closed this bank simply because it was in an insolvent condition and not because of any decent that you knew bank turned over to some good man. that had been practiced upon the Auditor's office or the past insolvent?

A. Yes, sir.

O. That was the sole reason? ment of the capital stock was considerable and that an assess deave there and have them this information,

ment had been called. O. How much was the capital stock?

Thirty thousand. Do you know what was the amount of deposit?

No, I don't recall. Large amount?

If I am not mistaken I would say about \$80,000.

Paid out about fifty per cent?

That is to the best of my knowledge Then the capital stock was impaired about 12s per O.

O. Highe has was Sporoso what would the ner comble? A. You see the loss to the depositors was, say \$40,000. not oul that loss but there was a further loss of the entire capital stock, which would necessarily have to be all list before

O. About 225 per cent? Approximately.

there would be any loss to the depositors.

MR. WOOTER'S TESTIMONY

Assistant Traveling Auditor L. B. Wooters testified at the investigation in part as follows: Q. Now then, you examined this bank in October 1913, didn't you?

A. I did, yes, sir, Q. At that time you found that the capital stock was

impaired at least something over eighty per cent? A. That was my estimate on it, yes sir.

And you so reported to the Governor? Yes, sir. Q. Did you get any advice from the Governor as t

what to do regarding it at that time? cusions at different times.

Q. Well, now, after that, in January following, Mr. J. W. McCarty examined the bank did he not?

A. Yes. sir. Q. And he made his report to the Traveling Auditor?

Q. Did you examine that report, or did you pay any attention to that report?

Yes. O. You looked through it?

A. Yes, sir.

Q. Now, then, after that report came in and after report was made by your office to the Governor showing that the stock at that time was impaired 150 per cent, was it not? contribution—

A. Well, no, that wasn't a report.

A. That was a statement that I got up from looking over the result of both reports, McCarty's report and mine.

Q. Then the conclusion you came to at that time was that it was impaired about 150 per cent?

A. Yes, sir, O. Now that report was made to Mr. Earnest? I got it up for him, yes, sir.

That report was turned over to the Governor? Mr. Earnest had it, I don't know whether the Gov-

O. Directly after that, then, Mr. Earnest and the Gov-Q. Did he tell you anything regarding what was contained ernor called a meeting of those bank people at Las Cruces A. Mr. Farnest did yes, sir.

Q. Mr Earnest did, and it was held about January 30th

A. 3014.

(). At that time do you know whether Mr. Ernest. or had you reported to the Governor, either directly or indi rectly, what you had ascertained regarding Mr. Smith's rep-

Yes, I did it indirectly. To the Governor?

A. Yes.

Q. And you had made investigations and found on

Q. And you had examined his bank and found out that

O. Well, and you find any errors

(). Have you in your investigation at Las Cruces sin A. This combined statement which you are now finding, then ascertained any error McCarty made in that report?

A. I didn't know whether you would call it error

O. That is, he didn't find enough?

By Mr. Blood: Who employed Mr. McCart.

afterwards depute ed him so he could get into the bank

Ω Then from the best information you could get : that time, and year statements, there was about 150 per cent gence on the part of said officials."

Ves, sie

O. You believed it that time it was about that much

A. Yes, sir.

Q. All righ then. And that report was made, a factors

A. Yes, sir.

O. And through him. I presume, to the Governor? A. I presume so; yes, sir.

O Now then, with that condition existing, with a man a part become who was attempting, and had deceived the Traveling Aud and analysis and tor's office, that you had investigated and found out was an and the first O. Governor McDonald knew generally the conditions of undesirable citizen in connection with the bank failure at To- Marmel 474 to be that bank and of Smith that were known to you, did be not? cumcari and whose own bank the capital stock was impaired to Schaman to the extent of 150 per cent what, in your oninion now should 11 11 Hague have been alone with that bank under all of those conditions?

A. Same as I have had all the way along. Q. What?

to simply let it drift along and not inform the deposited of were so flagrantly betrayed. spekholders of the bank? The stackholders were informed, should have been

Yes, and other reports on that bank showed the impair- through their directors. Mr. Earnest and the Governor went

O. Do you recall among the assets of the Las Cruces bank a certain note signed by M. Accremos the nomental policy of the state. The sea care of winderful bank of some O. Liewellyn, J. H. Paxton, Hugh Clary and My victory amount incomment in the medical medical medical properties of T. H. R. Smith?

A. Yes, sir.

O. That is known, -is generally, referred to as a political note?

course the entire capital was wiged but in addition to the loss with Mr. Smith or any persons drawn there was distributed and addition to the loss with Mr. Smith or any persons drawn there was distributed and the persons drawn there was distributed and the persons drawn there was distributed and the persons drawn there was drawn to be persons drawn there was drawn to be persons drawn the sanding that note, the cause of it and so on. A. After the bank failed I did yes, sit.

Ymon's dai'H

Why, I don't remember just exactly be a disconvention will be triumplant. who, there were four or five directors and in- look to the republican party for a constructive to be, for such a fine a shall be terested parties in the bank and myself at the action of will promote the progress and proceeds of the trade of the land of the meeting, going over all the notes. The con-whole people. This is but natural. After nearly four years, by the land of the land of

read the amount, I asked how much, -ask- lands for the rights of American citizens. The present chief and with and encouraged in such as uncertainty ed what it was worth, if Mr. Llewellyn was executive of the Nation has been on all sides of all questions, as will make it possible to have a united stiril in No. 1 in ... good for it. Smith spoke up and said it and while the people might be informed as to his policy of to- dustrial growth and a greater New Mexico really a note that he had signed, that was to be in the policies of government are calculated to create district system is top lower. It is one that makes the file of processing and the policies of government are calculated to create district system is top lower. paid, the understanding was it was to be paid and distrust means industrial depression. No nation can the repeating politics A. Why, we had the matter under discussion, short dis-out of interest that was credited to one of the present without absolute confidence in the stability of the lift an elected governor it dull be any part of the administration of the government. Here in this state we within my resource of college accounts.

O. It was to be paid by that money.

A. Yes, sir.

Q. And what was the note given for, according to that statement, originally?

A. I think so; yes sir.

A. Of the First State Bank; yes sir.

It was a sort of statement to the Governor, wasn't? Q. And it was to be paid by crediting the interest on the college account?

A. Yes, sir.

lowing paragraph.

"The evidence submitted to the Grand Jury shows that more than one year ago the First negligent in the supervision of our state banking institutions State Bank of Las Cruces was in a precarious law was observed but has actually aided in an attempt to bolcondition and practically insolvent. It fur- ster up unworthy institutions at the expense of depositors. In ther shows that the State Traveling Auditor Las Cruces the citizens of Dona Ana County were told by had full knowledge of that condition, and of the character of the President of that Bank, T. traveling auditor's force well knew that the bank was solvent. H. R. Smith. It shows that the condition of the lessly insolvent and the treasurer of the Agricultural College bank was reported to and known by the Gov. was pouring in state moneys with one hand, and drawing orernor of New Mexico. The evidence further settle the atter. Up to the present time there is \$75,000, property of the Agricultural College, which as yet, shows that although the Governor of New has not been recovered and we await with parience, and I Mexico and the Traveling Auditor knew of hope, with a pardonable degree of interest, for some defense the existence of that condition more than one year ago absolutely nothing was .done .by and even though such banks may be substantial contributors either the said Traveling Auditor or the Gov- nother compaign finds of a political party, no party can comernor to require said Bank to be placed in a mand the confidence of its prople who will pay political debra they possessed such knowledge as early as Jan- coars the administration of the cattle and there say the license uary 30th, 1914, no steps of any kind or char- nere absolutely non-partisan. They were regarded as dealsaid condition. That said Governor and Mechanic Arts were deposited in that Bank this saw the was placed there because by was a made Q. Your estimate at that time was the the a pital stek ination?

Q. Your estimate at that time was the the a pital stek ination?

A. I didn't go into it that thoroughly I didn't have though they knew of this condition, no steps as nearber of the sheep smithary board, to obtain a the unit of the sheep smithary board, to obtain a the unit of the sheep smithary board, to obtain a the unit of the sheep smithary board, to obtain a the unit of the sheep smithary board, to obtain a the unit of the sheep smithary board, to obtain a the unit of the sheep smithary board, to obtain a sheep industry, and the Honoradia Scherology is the sheep industry. to notify any person connected with said in monthma, who was the leading shore rather of New stituion of the condition of said Bank so that there are the shown of the show spitary be said funds could be protected. We are in- der the democratic abilinistration, Govern a McChauld has formed by the District Attorney as well as the seen first retain for all practical purposes for the special Attorney General of the State of New Mexico big authority of the sheep industry of this state, a non, wholly that there is no criminal liability against citle this action except the payment of a political debt of the re-By Mr. Holloman: He was directed by the Court in or of those officials on which this Grand Jury peace of the sheet rai-ers of New Mexico, and the first firs The make investigations. The Traveling Auditor could take any action. We believe that such first are that the verner Al-Donald field after acondition, to say the least, is criminal negli-

its report was composed of 12 Democrats and α Republicans. B. publicans

F C Breezens Grange Williams Estoban Vlana Margarita Padilla Francisco Vivares D. FIREWAY Jones Cherrin. Julian Torres it inter Road Selevine Roma dez

Demo rats

General of McDouald refused to be a candidate for resonant side the throne. I have Barrio has remarked the statesman-3. Mr. Smith should have been gotten rid of and the arom? What seems to be inexplicable to the public is that slop. Summers Burkhart political advice and Peter McCauna the should expose himself to justifiable attack even as a car-Q. Do you think it was proper under all of those viry didate for a minor office. A ticket bearing the name of auditor's force and the superintendent of the particularly character and reputations of any member of the bank were counstances, knowing the President as you did, and knowing William C. McDonald deserves and will understand by you, simply because it was that the bank was in the condition that it was at that time except change defeat at the hands of a public whose interests. Cannot be an outerposing gentleman. He must all the condition that it was at that time except change defeat at the hands of a public whose interests.

H. O. BURSUM'S SPEECH

ing programme of the aforest continue.

O. Did your ever have any conversation by and distrespends of green but the

The is acceptable in year. The voters of the U. Red States | | to versation regarding this note was between of democratic administration, the democrats have been found. We lear too much forcard sentembers, the heat Smith and Llewellyn. A. When I hit the note, turned it over and at any-price policy of Woodrow Wilson. Never in the his- Mexico in the shape of an annual exhibition.

> My friends, no progress can be made, no new develop- state should see to it that this is done and that the science of tive of the veto. ments can be expected, either in government or industry, ex-

cept by and through a constructive policy. It is only through In a report of the grand jury of Dona Ana this sort of a policy that mistakes are ascertained. Mistakes county dated March 3, 1915 we find the fol- future, and these mistakes can only be rectified through experience.

The democratic administration has been scandalously I these methods pursued by the democratic utilidistration of this state. The time for political banks has how passed

Under the republican administrations for the past twenty to their fitness, capacity and knowledge of the bullto be a prestant tian, well we set in this least on Tible of the errors was possessess the resignation of the Hoexists Solomon Lams as the head of that sheet somitary board. As to the cattle samitors board, we have a c The Grand Jury which included the above statement in fo make. We may assume, however, that Governor McDessaled for the above statement in all is a practical cauth raiser and that in maintaining the high andard of efficiency with reference to the cattle - nitaly beend, he did not forget his riwn personal welfare

We are advised that Governor McDonald is friend of Mr. McDoughl. That in the selection lands which come to his office for his signature and approve al, that Mr. McDonald always commands immediate and prount action, while others who are not so fortunate the compelled to suffer indefinite delays in obtaining to I of With referree to such selections, corn though approxistate land commissioner

Five years ago, to extrost McDought shoute? house tops the doctrine "Let the people Rule" I'm some his naturation onto the of the evidently diagonal messic on and became conversed to the destrict. An government let the few. During his administration of the state In the face of this damning record, is it are wonder that and McCarona who have been an angels permitted a surface has furnished the officers. A good share of his - colling real estate establishment in Albuquerous 416 should assent his sign and say "Real Estate and Democrator Cities a figs-

nished for the state administration." hest that its in the forestly promoting by the star. I New Modifical constructive policy is pulley which will as no needs waterment out properly lend. In the Ris Gegree

fericin citizens throughout this land feel lamillated at the We have need of providing such by Wall many all an energe results caused by the vacillating, unstable, changeable, peaces the middle attack of the countries over the whole at a lost New tory of the world has there been so little respect in foreign the worth, the cast, the enth and the west once iff he years

wasn't Mr. Llewellyn's note, it was by tomorrow would be perfectly safe to assume that his policy if I are elected processed that was to be tomorrow would be reverse. Vacillation and uncertainty crosses the efficiency of the control of the contro

have had nearly five years of democratic rule. The people raham Lincoln once said that a republic spelled an atomicy. are tired and restless of the do-nothing policy of Governor I dell'imm the graning of families to be worth McDonald. During these five years not one sentence of of this state, when he every box and your girl, whether poor constructive legislation has been proposed by your chief ex- or rich is florential a schiolinemial that have measured change eventive. Under the constitution of this state the legislature to at least during accoleration which will be also due to up. and the executive are constituted as the law making budy of ter life and compared one as an American interest A. A political proposition—didn't say what the state, the accepted theory being hat there should be compacted that u and involve. I would have a plan where the Q. Supposed to have been for the campaign eration and consultation between the executive and the legislation where the world with a graph to it are for lature. Yet, during these five years, not one source of the the defence of our country. With the general represent for spirit of co-operation has been exhibited by the chief executive preparedness we should be ready to lead with the mates of this state. The policy of Governor McDonald has been our share of work. Such preparation should be bene-Q. And this note covered the campaign to shirk and shrink every responsibility. He has been content field to our vosing men in after his and would place us in to draw his salary and sit back on his dignity, to find fault the proper relation to our Federal government.

with that which others have done and to exercise his preroga- Our agricultural interests should be encouraged. No county should be without a county agricultural agent. The

Continued on page five)